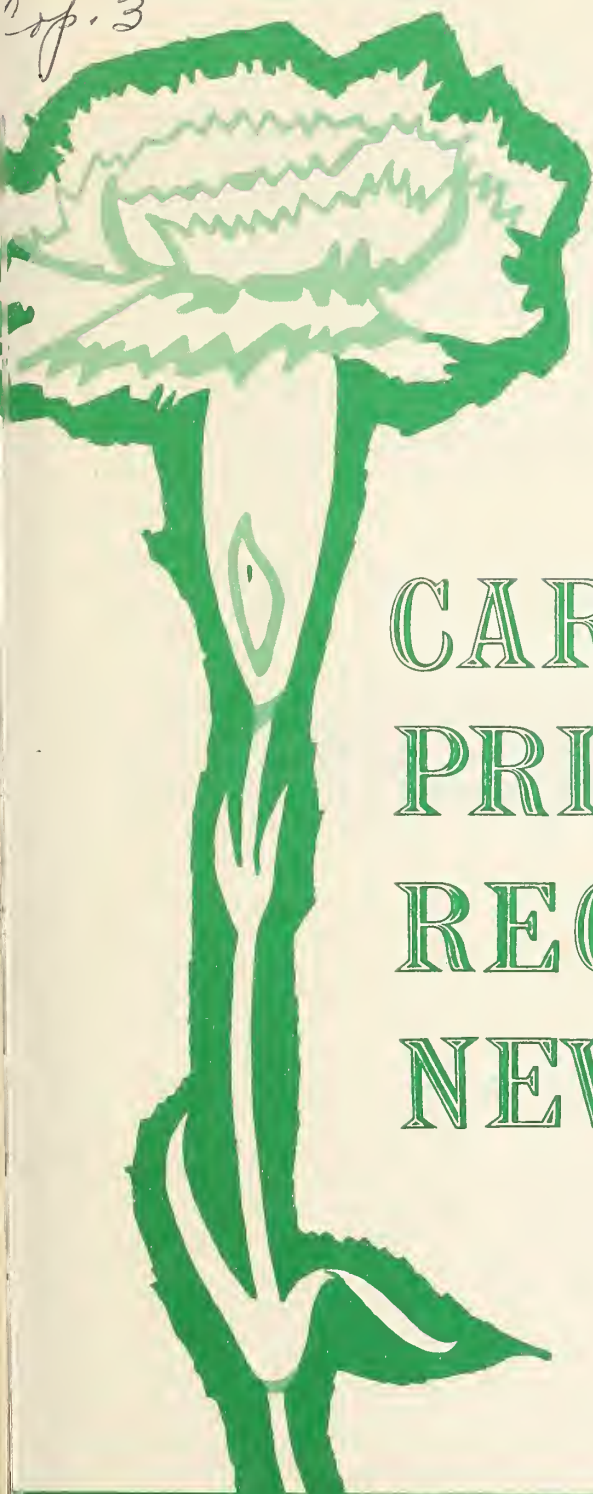


Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

A 280.39
M 34Am
Cop. 3

AMS No. 320
Washington, D.C.



CARNATION PRICES and RECEIPTS in NEW YORK CITY

U. S. DEPARTMENT OF AGRICULTURE • Agricultural Marketing Service • Marketing Research Division

in cooperation with the

UNIVERSITY OF MASSACHUSETTS, Agricultural Experiment Station

PREFACE

Greenhouse floral and nursery products are an important source of income to farmers in many areas. In 1958, farmers' total cash receipts for these products were \$624 million according to an estimate by the U. S. Department of Agriculture. The present study is part of a broad program of research designed to expand markets for farm products. It is designed to give producers, buyers, and sellers of carnations a view of the typical seasonal behavior of prices and market receipts in the New York City Market during 1950-54.

The research on which this report is based is part of the Northeast Regional Project NEM-8, "Improved Marketing for Cut Flower and Potted Plant Crops." This phase of the regional project was carried out jointly by the Massachusetts Agricultural Experiment Station and the Agricultural Marketing Service.

Prices as a reflection of demand for and supply of floricultural products cut across State lines and, therefore, can best be studied on a regional or national basis.

Dr. Adrian H. Lindsey, Head, Agricultural Economics and Farm Management Department, University of Massachusetts, gave valuable assistance in the planning and supervision of the study; Elmer J. Moore of the Horticultural Crops Section, Agricultural Marketing Service, made helpful revisions of the report.

CONTENTS

	<u>Page</u>
Highlights.....	3
Introduction.....	4
Procedure.....	4
Receipts.....	4
Weekly receipts.....	4
Price per bloom.....	6
Value of receipts.....	7
Seasonal variation in receipts and prices.....	7
Variation of average weekly supply.....	7

HIGHLIGHTS

1. Carnation market receipts show a seasonal pattern which is the same from year to year. Low points in receipts occur in mid-to-late August; high points occur in June.
2. Sharp fluctuations in receipts can be expected during periods of several weeks' duration, but the week-to-week changes are generally small.
3. The seasonal high in price occurs about Mother's Day. The seasonal low in price occurs in mid-July.
4. A lag exists between the seasonal high in prices and in receipts. Prices are highest near Mother's Day; receipts are largest about six weeks later. In rising from seasonal lows, prices rise faster than receipts. Such unequal rates of increases in prices and in receipts are periods when the demand for carnations may be increased through promotional and merchandising activities.
5. Declines from seasonal highs are faster than recoveries from seasonal lows in both prices and receipts.
6. Flower holidays--St. Valentine's, Easter, Mother's Day, Memorial Day, Thanksgiving, and Christmas--partially determine the market supply of and demand for carnations. These holidays appear to affect market price more strongly than market supply. For example, near Mother's Day about 8 percent of the annual dollar value of receipts was recorded. At the same time, about 4 percent of the annual number of blooms was received.
7. For the period 1950-54 the average annual price was about $6\frac{1}{2}$ cents per bloom while the annual receipts averaged 22 million blooms. This price was about the reported cost of production per carnation bloom in New England.

CARNATION PRICES AND RECEIPTS IN NEW YORK CITY

By Robert A. Fitzpatrick, associate professor
Department of Agricultural Economics
University of Massachusetts

INTRODUCTION

The aim of this report is to describe the seasonal behavior of carnation prices and receipts in the New York City wholesale flower market during the 5-year period 1950-54. Analysis of data on carnation prices and receipts published in the New York Daily Cut Flower Report reveals a seasonal pattern in wholesale prices and in market receipts.

PROCEDURE

Data in this report were developed from quotations in the New York Daily Cut Flower Market Report published by the New York State Department of Agriculture and Markets. This market report shows daily figures for the number of carnations received in the market (receipts), the number held over, and the number dumped. Also, prices are reported for daily sales made to retail florists by commission merchants.

Average prices for carnation blooms were calculated by using the most common reported daily market price for the period 1950-54.

The crop year for carnations begins about August 20.

RECEIPTS

Weekly Receipts

Average weekly receipts of bloom for 1950-54 are shown in table 1. The clearing out of the greenhouses at the close of the growing season (June 10-July 22) accounted for nearly 20 percent of the average annual receipt of blooms, while total receipts for Mother's Day and Memorial Day (May 6 through 27) accounted for more than 10 percent. At Mother's Day, prices were increasing, but during the close of the growing season prices were decreasing.

The rate of receipt of blooms is not constant throughout the year. For example, about 50 percent of the annual supply was received in the market in 30 weeks (August 20-March 11), while the other half was received in the remaining 22 weeks (table 1).

Table 1.--Carnations: Supply, seasonal variation in prices and receipts, and percentage distribution of value of receipts in New York wholesale market, by weeks, average 1950-54

Week beginning approximately--	Supply							Seasonal variation:Value of		
	Received				Held over	Dumped: 1/	Total	100 = weekly	receipts	
				average 1950-54				as per-		
	Weekly	Cumulative		Prices				Receipts	of annu- al value	
	1,000 blooms	Percent	1,000 blooms	Percent	1,000 blooms	1,000 blooms	1,000 blooms		Percent	
August 20	58	0.26	--	--	12	0.1	69.9	75.0	12.6	0.16
August 27	53	.24	111	0.5	18	.1	70.9	85.0	17.7	.20
September 3 (Labor Day) ..	79	.36	190	.9	22	.6	100.4	78.3	21.6	.26
September 10	107	.48	297	1.3	27	1.5	132.5	80.0	24.9	.33
September 17	132	.60	429	1.9	42	1.3	172.7	83.3	37.7	.49
September 24	197	.89	626	2.8	85	.7	281.3	81.7	48.3	.59
October 1	217	.98	843	3.8	330	1.4	328.6	70.0	57.8	.91
October 8	302	1.37	1,145	5.2	125	1.5	425.5	65.0	80.8	.86
October 15	351	1.59	1,496	6.8	118	.5	468.5	70.0	85.2	1.11
October 22	392	1.77	1,888	8.5	185	1.1	575.9	78.3	89.4	1.05
October 29	372	1.68	2,260	10.2	178	1.0	549.0	70.0	88.1	1.04
November 5	404	1.83	2,664	12.0	115	2.5	516.5	78.3	89.7	1.23
November 12	352	1.59	3,016	13.6	130	1.0	481.0	93.3	93.4	1.56
November 19 (Thanksgiving):	407	1.84	3,423	15.5	132	.3	538.7	115.0	93.9	1.74
November 26	385	1.74	3,808	17.2	130	.3	514.7	110.0	92.6	1.79
December 3	402	1.82	4,210	19.0	156	.5	557.5	103.3	94.1	1.76
December 10	367	1.66	4,577	20.7	75	.9	441.1	120.0	89.6	1.68
December 17	391	1.77	4,968	22.5	127	.6	517.4	150.0	95.7	2.70
December 24 (Christmas) ..	427	1.93	5,395	24.4	156	.9	582.1	155.0	92.0	3.93
December 31 (New Year's Day)	441	1.99	5,836	26.4	169	1.5	608.5	146.7	107.9	2.10
January 7	501	2.27	6,337	28.6	156	2.2	654.8	120.0	113.1	2.37
January 14	454	2.05	6,791	30.7	140	.2	593.8	123.3	113.0	2.77
January 21	489	2.21	7,280	32.9	132	.2	620.8	146.7	112.3	2.69
January 28	494	2.23	7,774	35.1	131	2.2	622.8	141.7	110.7	2.60
February 4	543	2.46	8,317	37.6	212	.1	754.9	146.7	124.0	3.38
February 11 (Valentine's Day)	542	2.45	8,859	40.0	153	.7	694.3	153.3	119.9	3.66
February 18	505	2.28	9,364	42.3	160	3/	665.0	136.7	124.5	2.96
February 25	581	2.63	9,945	45.0	285	.1	865.9	106.7	121.8	2.27
March 4	499	2.26	10,444	47.2	172	1.0	670.0	120.0	124.0	2.09
March 11	470	2.12	10,914	49.4	155	.2	624.8	141.7	136.8	3.25
March 18 (Easter 2/)	605	2.73	11,519	52.1	144	.5	748.5	158.3	124.5	3.50
March 25	437	1.98	11,956	54.1	171	.5	607.5	153.3	124.0	2.77
April 1	533	2.41	12,489	56.5	197	.9	729.1	150.0	130.8	3.09
April 8	468	2.12	12,957	58.6	185	3/	653.0	148.3	124.4	2.66
April 15	447	2.02	13,404	60.6	163	2.2	607.8	131.7	124.6	2.48
April 22	512	2.32	13,916	62.9	168	1.9	678.1	128.3	106.2	2.87
April 29	389	1.76	14,305	64.7	122	1.1	509.9	158.3	126.6	2.19
May 6 (Mother's Day)	756	3.42	15,061	68.1	169	.1	924.9	175.0	144.4	7.64
May 13	429	1.94	15,490	70.1	135	.7	563.3	163.3	141.4	2.73
May 20	688	3.11	16,178	73.2	297	1.3	683.7	100.0	166.1	2.54
May 27 (Memorial Day)	673	3.04	16,851	76.2	175	.7	847.3	80.0	177.0	2.58
June 3	899	4.07	17,750	80.3	447	2.0	1,344.0	75.0	186.0	2.47
June 10	975	4.41	18,725	84.7	554	6.4	1,523.6	53.3	192.6	1.66
June 17	744	3.36	19,469	88.0	306	3.6	1,046.4	48.3	182.6	1.91
June 24	846	3.83	20,315	91.9	301	5.9	1,141.1	53.3	180.8	1.75
July 1	638	2.88	20,953	94.7	298	7.7	926.3	48.3	132.9	1.25
July 8	452	2.04	21,405	96.8	184	9.6	626.4	40.0	86.6	.94
July 15	280	1.27	21,685	98.0	102	4.4	377.6	40.0	47.9	.45
July 22	176	.80	21,861	98.9	50	2.2	223.8	45.0	32.5	.32
July 29	108	.49	21,969	99.4	25	.4	132.6	51.7	19.8	.23
August 6	71	.32	22,040	99.7	16	.5	86.5	58.3	15.7	.15
August 13	72	.33	22,112	100.0	16	.4	87.6	71.7	14.2	.19

1/ Figures rounded to the nearest 100.

2/ Easter varied during the 5-year period from the week beginning March 18 to April 15.

3/ Less than 50 blooms.

Price Per Bloom

The annual average price was $6\frac{1}{2}$ cents per bloom for the period 1950-54. This was about equal to the cost reported by New England growers for producing a carnation bloom. The percentages of the average annual number of blooms sold at various prices are shown in table 2. This table also shows the percentage of value of receipts accounted for by blooms which were sold within the various price ranges.

Holidays call forth heavy supplies which bring relatively high prices. Thus, total dollar value is high. But during the early summer months, heavy supplies are associated with low prices and value is low. At this time, heavy supplies are the result of clearing the greenhouses.

The effect of prices on dollar value of receipts is shown below:

<u>Price range</u>	<u>Receipts</u>	<u>Value</u>
2 - 2.9 cents	9.2 percent or 2,000,000 blooms	\$50,000
9 - 9.9 cents	10.3 percent or 2,300,000 blooms	\$218,000

Table 2.--Percentage distribution of carnation receipts and value of sales, by price intervals, New York City, average 1950-54

<u>Price interval</u>	:	<u>Receipts</u>	:	<u>Value of sales</u>
	:		:	
<u>Cents per bloom</u>	:	<u>Percent</u>	:	<u>Percent</u>
	:		:	
0 - 0.9	:	0.0	:	0.0
1 - 1.9	:	3.2	:	.9
2 - 2.9	:	9.2	:	3.7
3 - 3.9	:	10.0	:	5.5
4 - 4.9	:	13.9	:	9.8
5 - 5.9	:	11.6	:	10.0
6 - 6.9	:	10.7	:	10.7
7 - 7.9	:	10.6	:	12.1
8 - 8.9	:	6.7	:	8.8
9 - 9.9	:	10.3	:	15.3
10 - 10.9	:	4.4	:	7.2
11 - 11.9	:	3.7	:	3.6
12 - 12.9	:	2.1	:	4.1
13 - 13.9	:	1.8	:	3.9
14 - 14.9	:	.7	:	1.5
15 - 15.9	:	.5	:	1.3
16 - 16.9	:	.6	:	1.6
	:	100.0	:	100.0
	:		:	

Thus, blooms sold in the 2-to-2.9-cent range were worth less than one-fourth as much as a similar quantity sold in the 9-to-9.9-cent range.

Value of Receipts

The impact of holidays is more apparent on prices than on receipts. For example, during the week of Mother's Day nearly 8 percent of the annual value of receipts was received; St. Valentine's Day, about 4 percent; Christmas, 4 percent; and Easter, 3 percent. Thus, the weeks containing these holidays represented a total of about 20 percent of the average annual value of receipts but only 11 percent of average annual number of blooms (table 1).

Generally, the peak period in value of receipts was in May (week of Mother's Day) while the peak period in physical volume was in June (table 1).

The halfway point in the marketing season, in terms of value of receipts, was reached in early March, but the halfway point in physical volume was reached about a week later.

SEASONAL VARIATION IN RECEIPTS AND PRICES

Variations in prices and receipts during 1950-54 are indicated by weekly indexes of seasonal variation. This numerical value for each week is relative to each other weekly value and to the yearly average price. For example, the index of seasonal variation in price for the week beginning December 10 was 120.0. This means that the average price for that week was 120 percent of the average price for the year, or 20 percent above the average price for the year (table 1, fig. 1).

Table 1 shows the indexes of seasonal variation, by weeks, in price per bloom and in number of blooms received. Also, these data are shown graphically in figure 1.

Receipts rose sharply from the last half of August to the last half of October, and remained stable through December. During December, receipts were below the seasonal average while prices were above the seasonal average (table 1, fig. 1).

Fluctuations in prices during short periods were more violent than fluctuations in receipts (fig. 1). Prices used in figure 1 are simple average prices unweighted by quantities of blooms sold at specific prices.

Variation of Average Weekly Supply

Supply of carnations in the market week after week is shown in table 1. Supply is measured by receipts, plus blooms held over, minus blooms dumped.

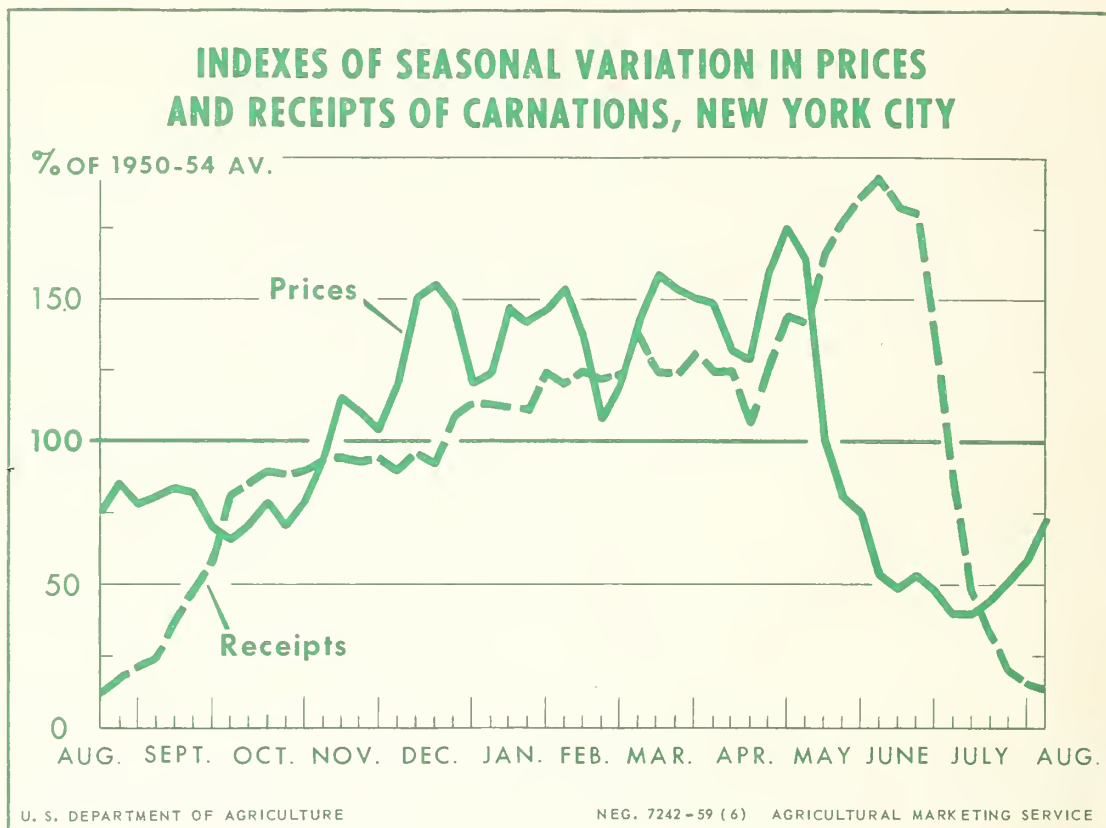


Figure 1

For example, in the week beginning October 29, each series was approximately as follows:

- (1) Receipts (372,000 blooms)
- (2) Held over (178,000 blooms)
- (3) Dumped (1,000 blooms)

Thus, supply of carnations was 549,000. Carnations were shipped into the market in large quantities from the third week in May to around the last of June, then the quantity decreased gradually until October 1. The seasonal high was reached in June. From late June onward, supply declined rapidly to the seasonal low in August.

Fluctuations in total market supply seem to be caused largely by changes in quantities of blooms held over, rather than by receipts. Hence, market gluts of holiday periods contribute to increases in total market supply after the holiday periods.

